

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE CANNONSBURG	)	
WATER DISTRICT FOR APPROVAL OF THE	)	CASE NO.
PROPOSED INCREASE IN RATES FOR	)	2004-00159
WATER SERVICE	)	

ORDER

On June 15, 2004, Cannonsburg Water District (“Cannonsburg”) submitted its application requesting the Commission to approve its proposed increase in water rates. The proposed water rates will increase the average residential water bill from \$25.20 to \$29.85, an increase of 18.5 percent. Cannonsburg’s proposed rates will generate annual revenues of \$1,355,624, an increase of \$270,389 or 19.95 percent over normalized test-period revenues from water sales of \$1,085,235.

On May 7, 2004, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“Attorney General”), submitted his motion for full intervention as authorized by KRS 367.150(8). The Commission granted the Attorney General’s motion in its Order of June 24, 2004.

Commission Staff performed a limited financial review of Cannonsburg’s operations and, on July 8, 2004, issued a report containing its findings and recommendations regarding the proposed rates. In its report, Staff agreed with Cannonsburg’s pro forma adjustments to test-period operations and found that the proposed revenue requirement of \$1,355,624 will allow Cannonsburg to pay its adjusted operating expenses, meet the 1.2x debt service coverage requirements of

Cannonsburg's bond ordinances and provide for future equity growth. Staff further found that Cannonsburg's proposed rates will generate the annual revenue requirement of \$1,355,624 and recommended their approval.

All parties were directed to file written comments upon Staff's findings and recommendations or to request a conference or hearing no later than July 28, 2004. As of this date, no parties submitted comments or objections or requested a hearing.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record and are reasonable.

2. Cannonsburg's proposed water rates will produce annual revenues from water sales of \$1,355,624.

IT IS THEREFORE ORDERED that:

1. The recommendations and findings contained in the Staff Report are adopted and incorporated by reference into this Order as if fully set out herein.

2. Cannonsburg's proposed water rates, which are set forth in Appendix A, are approved for service rendered by Cannonsburg on and after the date of this Order.

3. Within 30 days of the date of this Order, Cannonsburg shall file with the Commission its revised tariff setting out the rates approved herein.

4. Three years from the date of this Order, Cannonsburg shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service.

Done at Frankfort, Kentucky, this 18<sup>th</sup> day of August, 2004.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2004-00159 DATED AUGUST 18, 2004

The following rates are prescribed for the customers in the area served by the Cannonsburg Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

**MONTHLY RATES AND CHARGES**

5/8" x 3/4" Meter

First	2,000 gallons	\$ 14.46	Minimum bill
Next	3,000 gallons	5.13	per 1,000 gallons
Next	15,000 gallons	4.75	per 1,000 gallons
Next	30,000 gallons	4.37	per 1,000 gallons
Next	50,000 gallons	4.00	per 1,000 gallons
Over	100,000 gallons	3.60	per 1,000 gallons

1 1/2" Meter

First	5,000 gallons	\$ 29.85	Minimum bill
Next	15,000 gallons	4.75	per 1,000 gallons
Next	30,000 gallons	4.37	per 1,000 gallons
Next	50,000 gallons	4.00	per 1,000 gallons
Over	100,000 gallons	3.60	per 1,000 gallons

2" and 3" Meters

First	20,000 gallons	\$ 101.10	Minimum bill
Next	30,000 gallons	4.37	per 1,000 gallons
Next	50,000 gallons	4.00	per 1,000 gallons
Over	100,000 gallons	3.60	per 1,000 gallons

6" Meter

First	50,000 gallons	\$ 232.20	Minimum bill
Next	50,000 gallons	4.00	per 1,000 gallons
Over	100,000 gallons	3.60	per 1,000 gallons

12" Meter

First	100,000 gallons	\$ 432.20	Minimum bill
Over	100,000 gallons	3.60	per 1,000 gallons